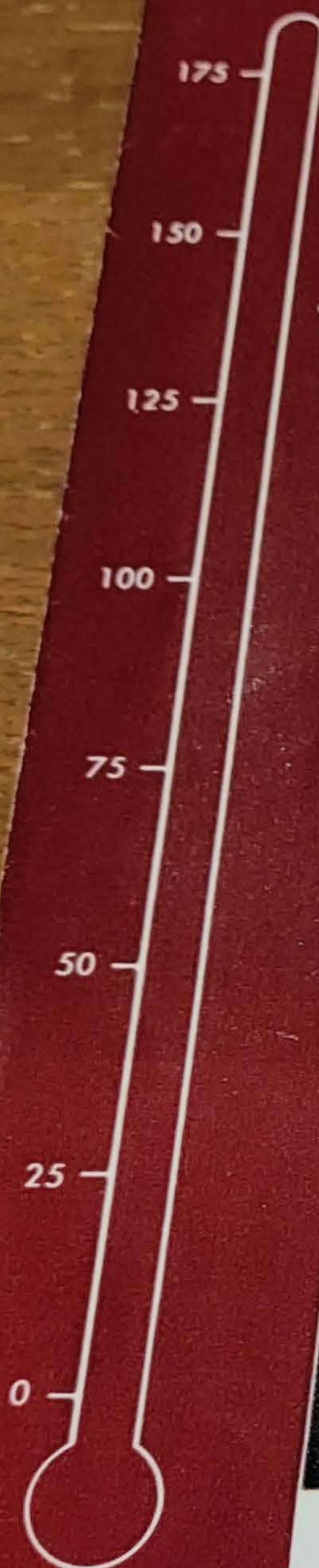


# BUSINESS WEEK



Hammacher, Schlemmer's John Gerald woos the rich with old traditions (page 133)

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# Old Style Selling For New Carriage Trade

Some top stores downgrade for mass markets. Hammacher, Schlemmer's president, John Gerald (below), pins his faith to carriage trade. Return of the dwarfs (cover), the old trademark, symbolizes his belief.



Customer muses over fancy candelabra. To be "real Hammacher, Schlemmer," an item must be useful — and above all distinctive.



**T**HE NAME Hammacher, Schlemmer & Co. has held a special magic for several generations of customers. To a smallish, top-income group in recent decades it has been the quietly elegant first resort for the extra-special in gifts and home furnishings. Its customers expected — and got — the last word in quality and service, and willingly paid for it.

To John Gerald (cover and picture, left), new president and owner, this is the way retailing should be. Gerald, who had had his own interior decorating firm, brought with him a name he had built up as head of B. Altman & Co.'s interior decorating department. A man who loves retailing, he ardently advocates the old Hammacher, Schlemmer formula of top quality merchandise, and luxury service.

Quality was basic to the formula a hundred years ago, when Hammacher, Schlemmer meant hardware. In the days when there were no hardware stores, founder William Schlemmer filled a gap by selling the best, much of it at wholesale. When his son, William F. Schlemmer, moved uptown to New York's 57th Street in the 1920s and added luxury gift and household items, he polished up the formula for a pampered clientele.

In 1953, the last Schlemmer owner, widow of the founder's son, sold out to a group of investors. For a while it looked as though the old formula might go down the drain. The carriage trade had changed. A new, better-heeled middle market was moving in. The new Hammacher, Schlemmer management, like some other old-line retailers, tried downgrading and price selling to shore up sales. Last April, it sold to Gerald.

Gerald, too, hopes to cash in on the new money — and keep his old customers happy as well. But his strategy is to go back to the traditions that gave the store its magic in the first place.



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Setting up such targets involves some shifts from Hammacher, Schlemmer's recent past. This store, too, has known the stress of changing times—and changing managements.

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Gerald can cite businesslike reasons for his strategy for reversing the downturn. But it is obvious to an observer that, in calling up the old merchandising graces, he is doing what comes naturally. The marriage of Hammacher, Schlemmer, carriage trade shop par excellence, and John Gerald, retailer, interior decorator, merchandising consultant, was more than a marriage of convenience. It was a marriage of love.

## I. From the Past

If William F. Schlemmer could return to his store today, he would doubtless recognize and approve much of what he saw. Hammacher, Schlemmer is a smallish store; its volume ran around \$3-million last year. It draws a faithful clientele from New York society and upper-crust customers the country over. Crowned and uncrowned heads of Europe, big theatrical people are its devotees. A flourishing catalog and mail order business comes in from well-heeled families the world over.

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As in Schlemmer's day, Gerald and his aides take pride in goods made for the store's own label—though it carries some brand merchandise. Wastebaskets embroidered especially for Hammacher, Schlemmer (at \$55), little hand-hooked rugs at \$100, hand-woven blankets from the Shetland Islands—items like these are the store's special joy.

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• **Stress on Service**—If the merchandise spells carriage trade, the service says it even more clearly. "Women yearn for service," Gerald believes. "I want every woman who comes into the store, even if she spends only a dollar, to feel that there's nothing we won't do for her."

So Gerald has added to the service departments. Besides the new interior decorating department, he has expanded the carpenter's shop so that his staff can do cabinet work in a customer's home. He has restored the repair shop that had been allowed to lapse. Customers can bring anything to it, no matter where they bought it. Sometimes it's a favorite knife with a broken handle, or a metal meridian that is minus its globe.

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These days are back again—and Tampone is on the job. When the Duchess

of Windsor wanted a pasteurizer, Tampone ordered it for her. The Duke wanted a greenhouse; Tampone got it.

In the mail order department, the same personal touch prevails. "Our Miss Susan Clay" handles this correspondence. She, too, is kept hopping with special requests: a Lucite cane, for example, for a woman who thought wooden ones didn't go with evening clothes.

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In still another important respect Gerald is harking back to the old ways of retailing. He knows his store. "I know every piece of merchandise we carry, and I usually know its price," he says. Twice a week he inspects the merchandise as it comes to the receiving room. He wanders around the floors periodically.

"If a problem comes up with a customer, I want a salesgirl to say, 'You should meet our Mr. Gerald,' and I'll come right down," he says.

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## II. Something New

Gerald knows that the past hasn't all the answers. The most obvious change was the physical shakeup he gave the store's layout and decor. He made over the stodgy first floor, redecorated it, broke up the rigid German arrangement of counters. He added linen and antique furniture to the store's lines.

• **For Easier Living**—To accommodate his old customers' changed living pat-





A perfectionist, Gerald stops in new linen department to straighten out a display bed.



He started interior decorating department — and always comes by to help close a deal.



He discusses with one of store's carpenters a new bar being built for a customer's home.

With supplier, Mrs. Curtis Harrison, he works out details of a new item.



Pres. Gerald (above) has hand in picking products for catalog — an important selling tool.



With crack salesman, Dominic Tam-pone, he talks over key sales policy.



**HAMMACHER, SCHLEMMER** is still a carriage-trade store. But even the carriage trade lives differently today. Pres. Gerald takes a direct hand in everyday store operation to adapt it to new times and new markets.

ONE OF the first things John Gerald did when he became Hammacher, Schlemmer's president, was to put the dwarfs to work again. These small creatures (cover), emblem of Hammacher, Schlemmer's earlier heyday, had been in exile for 30 years. Gerald, who remembered them from his own boyhood, dusted them off and lovingly reinstated them in a post of honor in the store's windows and its advertising.

This single gesture tells a great deal about Gerald's approach to his new venture. He has made many changes in the old store. Some have been simple physical alterations to modernize the layout. His most important changes, though, have not been innovations but reversion to the concepts on which the Schlemmers had built.

- **Details Add Up**—Item by item, the changes don't loom very large—a liveried doorman to let customers in, "our Mr. Skinner" just inside the door to greet every customer; the addition of a service department, or the expansion of an old one. But they add up to a real atmosphere. Once more Hammacher, Schlemmer wears the unmistakable air of the carriage trade.

It is perhaps not quite the air of extravagance that the old Hammacher, Schlemmer had. Today's rich live different lives—at once more strenuous and more casual—from the ones their grandfathers lived. In making changes, Gerald has kept this sharply in focus.

Besides, Gerald, like every other retailer, knows that the movement of



He chats with customer. This part of job he enjoys because, "I love meeting people."



With buyer Hugh Kremer, housewares and foods, Gerald looks over new merchandise.

wealth in the postwar years has been toward the middle—down from the top, up from the bottom. Thus, a carriage-trade store has a brand-new market potential: the newcomers to prosperity, who would have shied off from such shops a quarter of a century ago. Gerald wants his share of that new money. This, too, calls for some different slants in merchandising.

- **Ways to Do It**—Many old-line stores share Hammacher, Schlemmer's problem. All prestige retailers have felt the change. Most of them have tried, one way or another, to cope with the shifts of income and the new living patterns.

W. & J. Sloane has made a direct bid for the middle-income market with

its Penny Wise Shop (BW—Oct.20'51, p137). Exclusive specialty shops such as Bergdorf Goodman (BW—Nov.17 '51,p46) and Henri Bendel, Inc., have broadened their middle-priced lines. Even Tiffany & Co. last fall announced that it was overhauling its merchandising policies and advertising its sales for the first time (BW—Oct.29'55,p64).

Such shifts don't come easy. Sloane, Tiffany, and Bendel have all been through management changes in the past couple of years. Lewis & Conger, another old-timer, has recently given up the ghost. Whether or not the stores succeed in their efforts, it's plain that they have had to face a vital problem.

- **Keep What You Have**—Gerald's so-



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terms, Gerald puts heavy stress on goods that make for "easy living." Gone are the cooks, he says, so we sell a lot of cookbooks. He wants products that are not only distinctive but useful: a waste basket with a disposable lining, a luggage bag that fits over a suitcase handle.

"This is real Hammacher, Schlemmer," he'll say—perhaps of a German knife that is screw driver, can opener, fish scaler, and flashlight all in one. "We don't want to be nifty-gifty," he explains.

To make clear the need for the changes, he tells of a wealthy woman who came in recently to buy a tray. Did she want silver? No, thank you, she wanted something she didn't have to polish. Hammacher, Schlemmer had it: a tray of stainless steel. It is significant, too, that the "never-out list" (which the store must keep stocked) includes such humble items as dish mops, furniture polish, paper napkins.

• **Matter of Taste**—What works for the clients of long standing will appear to the new market, too, Gerald is convinced. He has "unbounded faith in the average homemaker and her taste," regardless of her income bracket. Manufacturers and retailers tend to under-rate her, give her inferior quality and styling, he feels.

The new money often has less assurance than the old carriage trade. That's where services such as the interior decorating department can help—and where the prestige of the store's name gives confidence.

Pricing, in fact, is not a paramount matter in Gerald's book. "I don't want just the best coffee maker for \$50," he says. "I also want a coffee maker for the woman who pays \$3.50. But it must be the best possible at that price."

### III. Old Problems

In a sense, Gerald is walking the

same tightrope that other carriage trade merchants are walking. There is always the risk that a bid for the new market will offend the old. There's no doubt that the run-of-the-mill Hammacher, Schlemmer customer is special.

Tampone tells of the woman who called to order an item by phone. He told her the store was going to have a sale the next day. "Thank you for telling me," she said. "I'll stay away."

With that kind of thinking among customers, it is easy to see why Gerald quickly dropped the bargain-sale kind of promotion when he moved in. "I will not run an ad that says, 'Hurry, run, rush, get our special with a free attachment,'" he says.

• **Prices and People**—Since its customers don't cry for bargain sales, the store doesn't have to mark down so many items during the year. That improves its average margin for overhead and profit. But it also means that the price and the merchandise must be right in the first place.

This is one reason that new merchandise gets such a careful going-over. Such an operation, too, puts a premium on new ideas, exclusive new products.

By far the biggest headache, though, is one that Gerald shares with other retailers: to get employees to give the caliber of service he wants. For many Hammacher, Schlemmer veterans, this comes as naturally as breathing. But newcomers to retailing haven't lived through the hard-sell days. Because he expects more of his help, Gerald pays better than average wages. Most of his sales clerks average over \$50 a week (in many stores their pay starts at \$38). Despite all this, the problem persists.

### IV. Old Loves

If Gerald succeeds in his new venture, it seems likely that his own enthusiasm

will be a major factor. Gardening and fishing are his hobbies, but "my work is my pleasure," he says.

He was born and educated in South Carolina. His first jobs were interior decorating work for family friends. Three years' study in Europe brought him an acquaintance with famous homes in Europe; five years in Canada gave him decorating jobs there.

• **Breaking In**—His first retailing experience was with W. & J. Sloane. In 1936, he moved to B. Altman, built up the interior decorating department there. After 12 years, he branched off, and, as John Gerald Associates, did both interior decorating and merchandising consulting—for such clients as James Lees & Sons Co., Kittinger Furniture Co., and Waite Carpet Co.

With Katharine Kinnane, one of his associates, he was consultant to the Planning Board of Henry Ford Museum and Greenfield Village of Dearborn, Mich.

Hammacher, Schlemmer appealed to him because he had loved the store as a boy, and he had a "healthy respect" for its name and clientele. It was just the right size: small enough for the personal operation he enjoys, big enough to have real buying power. With a group of investors—and a substantial sum of his own money—he took over.

• **Out of the Red**—The high cost of the first year cut into profits in 1955. But the company was in the black in December, and by next fall "we'll be rolling," Gerald says.

Once the New York store gets its feet firmly under it, Gerald plans other Hammacher, Schlemmers. He feels he could handle perhaps a \$5-million operation in his present shop without losing its flavor. After that, the West Coast, Chicago, maybe Dallas and Kansas City are possibilities.